

Explanatory Session for the Results of the Fiscal Year Ended March 2010

May 2010

Leopalace21 Corporation

This document and reference materials may contain forward-looking statements, so please understand that actual results may differ significantly from these forecasts due to various factors

[Overview of Core Businesses during the FY ended March 2010]

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**Overview of Core Businesses
during the Fiscal Year ended March 2010**



Overview of Apartment Construction Subcontracting Business



| (Unit: 100 million yen) | FY 2007/3 | FY 2008/3 | FY 2009/3 | | | | | FY 2010/3 | | | | | FY 2011/3 |
|-----------------------------|-----------|-----------|-----------|-------|-------|-------|-----------|-----------|-------|-------|-------|--------------|--------------------|
| | Full-year | Full-year | 1Q | 2Q | 3Q | 4Q | Full-year | 1Q | 2Q | 3Q | 4Q | Full-year | Full-year Forecast |
| Total orders received | 3,624 | 4,630 | 1,032 | 901 | 717 | 726 | 3,378 | 632 | 636 | 535 | 380 | 2,183 | 2,080 |
| Total orders canceled | 218 | 415 | 153 | 226 | 176 | 128 | 683 | 184 | 115 | 109 | 98 | 506 | 520 |
| Cancellation rate | 6.0% | 9.0% | 14.8% | 25.1% | 24.5% | 17.6% | 20.2% | 29.3% | 18.1% | 20.4% | 25.8% | 23.2% | 25.0% |
| Net orders received | 3,406 | 4,215 | 879 | 675 | 541 | 595 | 2,691 | 448 | 521 | 427 | 282 | 1,677 | 1,560 |
| Orders received outstanding | 2,486 | 3,426 | 4,039 | 3,238 | 3,519 | 2,528 | — | 2,638 | 2,292 | 2,425 | 1,836 | — | 1,596 |

Contributing Factors

Orders received in the Apartment Construction Subcontracting segment during FY2010/3 amounted to just ¥167.7 billion against a target of ¥200.0 billion (achievement rate of 84%), as Leopalace21 lowered the unit price in response to stricter screening for loans.

Breaking down the factors contributing to the year-on-year decline, ¥23.9 billion was due to the decrease in the number of orders, and ¥77.5 billion to the decrease in average value per order.

(Unit: 100 million yen)

| | | |
|--|-------|-----------|
| Portion of decline due to decrease in number of orders | (239) | (1) × (2) |
| Portion of decline due to lowering of unit price | (775) | (3) × (4) |

| (Unit: 100 million yen) | FY2009/3 | FY2010/3 | Variance | % Change |
|-------------------------|-----------|-----------|-------------|----------|
| Total Order Value | 2,691 | 1,677 | (1,014) | -37.7% |
| Number of Orders | 2,758 | (4) 2,513 | (2) (245) | -8.9% |
| Average Value per Order | (1) 0.976 | 0.667 | (3) (0.309) | -31.7% |

Overview of Leasing Business-1-



| (Unit: x1,000; %) | FY 2007/3 | FY 2008/3 | FY 2009/3 | | | | | FY 2010/3 | | | | | FY 2011/3 |
|--|-----------|-----------|-----------|---------|---------|---------|-----------|-----------|---------|---------|---------|--------------|--------------------|
| | Full-year | Full-year | 1Q | 2Q | 3Q | 4Q | Full-year | 1Q | 2Q | 3Q | 4Q | Full-year | Full-year Forecast |
| Total number of leases signed during period | 362 | 374 | 81 | 86 | 87 | 130 | 384 | 83 | 90 | 87 | 131 | 391 | 457 |
| Of which by realtor-brokers | 14 | 15 | 3 | 5 | 6 | 13 | 27 | 5 | 7 | 7 | 15 | 33 | 39 |
| Total number of leases terminated during period | 319 | 330 | 85 | 79 | 87 | 110 | 361 | 96 | 86 | 82 | 106 | 370 | 393 |
| Occupancy rate | 92.8% | 92.4% | 91.2% | 89.5% | 86.7% | 86.8% | 88.5% | 83.1% | 81.9% | 80.8% | 83.2% | 82.3% | 83.7% |
| Of which corporate tenants | - | - | 39.0% | 38.5% | 35.6% | 36.0% | 37.3% | 33.7% | 33.3% | 31.9% | 33.3% | 33.1% | - |
| Of which personnel dispatch/outsourcing lessee tenants | - | - | 6.2% | 6.5% | 4.5% | 3.5% | 5.2% | 2.8% | 2.6% | 2.7% | 2.7% | 2.7% | - |
| Units under management | 388,500 | 442,025 | 456,671 | 472,671 | 488,840 | 506,742 | - | 519,743 | 528,785 | 539,109 | 551,773 | - | 578,494 |

1. Total number of leases signed is the combined total of leasing system contracts and monthly system use units.
2. Total number of corporate leases includes those from subsidiary Leopalace Leasing.
3. The occupancy rate is the average value for each period (full year or quarter). Figures for units under management, corporate tenants, and for personnel dispatch/outsourcing lease tenants are as of the end of the final month for the relevant period, except for full year and 3Q cumulative figures.

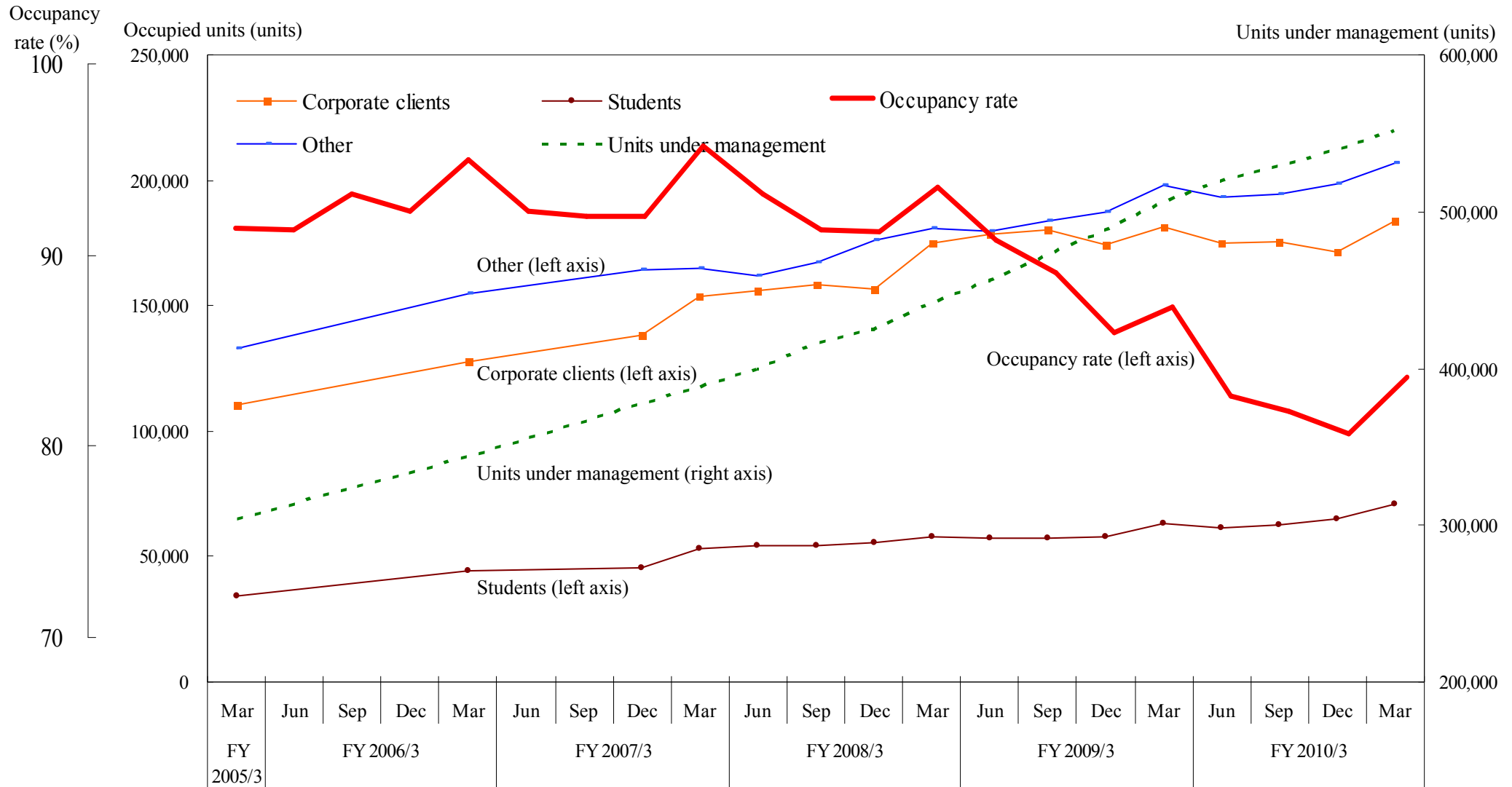
Contributing Factors

The occupancy rate in the Leasing segment during FY2010/3 was 82.3% against a full-year target of 82.2%. The target was narrowly achieved amid persistently tight employment conditions even as the economy showed signs of recovery, and sluggish demand from corporate clients, which accounts for half the number of contracted units.

Japanese employment conditions:

| | FY 2009/3 | FY 2009/1Q | FY 2009/2Q | FY 2009/3Q | FY 2009/4Q | FY 2010/3 |
|-----------------------------|-----------|------------|------------|------------|------------|-------------|
| Unemployment rate | 4.1% | 5.2% | 5.4% | 5.0% | 5.1% | 5.2% |
| Ratio of jobs to applicants | 0.77 | 0.46 | 0.43 | 0.43 | 0.47 | 0.45 |

Overview of Leasing Business -2- Occupancy conditions by group



*Figures are as of the end of the month.

A shift to the new area strategy

The graph by group-types (corporate clients, students, and other) are increasing, despite a seasonality. However, since there is a gap in supply-demand, between these groups and overall units (units under management), the occupancy rate is decreasing intermittently.

Under these conditions, shifting from “product out” to “market out” by the “new area strategy”, the basic policy of the medium-term management plan, becomes an important measure.

Determination of the Provision for Apartment Vacancy Loss

| (Units: 100 million yen; Units; %) | | FY 2009/3 | FY 2010/3 | | | | | | | | | | | FY 2011/3 | | | |
|---------------------------------------|--------------------|-----------|-----------|---------|---------|---------|-----|--------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|-----------------|---|
| | | Full-year | 1Q | 2Q Cum. | 3Q Cum. | 4Q Cum. | YoY | New standard | FY 2009/3 | | FY 2010/3 | | Change in amount | | | | |
| By building age | Beyond 3 years | 39 | 52 | 58 | 79 | 118 | 79 | 153 | Units under mgmt | Occupancy rate | Units under mgmt | Occupancy rate | Units under mgmt | Occupancy rate | New units (Plan) | New units share | Orders received outstanding as of Mar. 25, 2010 (units) |
| | Less than 3 years | 8 | 17 | 33 | 60 | 96 | 88 | 164 | | | | | | | | | |
| | Total | 46 | 68 | 91 | 139 | 214 | 168 | 317 | | | | | | | | | |
| By Area | Hokkaido | 2 | 4 | 6 | 8 | 12 | 10 | 9 | 13,528 | 81% | 14,327 | 82% | 799 | 1% | 432 | 1% | 1,162 |
| | Tohoku | 8 | 11 | 14 | 18 | 24 | 16 | 8 | 31,663 | 84% | 33,796 | 85% | 2,133 | 0% | 939 | 3% | 1,131 |
| | North Kanto | 5 | 7 | 8 | 12 | 18 | 13 | 37 | 39,758 | 82% | 42,497 | 79% | 2,739 | -3% | 517 | 2% | 1,744 |
| | Tokyo Metropolitan | 3 | 4 | 6 | 12 | 26 | 23 | 29 | 139,577 | 94% | 152,629 | 89% | 13,052 | -5% | 13,398 | 44% | 13,046 |
| | Hokuriku | 5 | 9 | 13 | 16 | 21 | 16 | 10 | 15,580 | 80% | 16,150 | 83% | 570 | 3% | 403 | 1% | 367 |
| | Koshinetsu | 2 | 3 | 4 | 6 | 10 | 8 | 24 | 22,122 | 85% | 24,002 | 82% | 1,880 | -3% | 1,059 | 4% | 1,207 |
| | Chubu | 7 | 11 | 17 | 30 | 44 | 37 | 105 | 83,795 | 79% | 91,416 | 75% | 7,621 | -4% | 3,946 | 13% | 4,291 |
| | Kinki | 8 | 10 | 12 | 17 | 26 | 18 | 49 | 70,088 | 88% | 77,922 | 84% | 7,834 | -4% | 5,569 | 18% | 5,620 |
| | Chugoku | 2 | 3 | 3 | 7 | 12 | 10 | 14 | 34,695 | 88% | 37,289 | 86% | 2,594 | -2% | 746 | 2% | 1,426 |
| | Shikoku | 2 | 3 | 4 | 4 | 7 | 5 | 13 | 13,243 | 76% | 14,384 | 79% | 1,141 | 3% | 139 | 0% | 410 |
| | Kyushu | 2 | 3 | 4 | 8 | 13 | 11 | 18 | 38,819 | 87% | 42,869 | 84% | 4,050 | -3% | 1,529 | 5% | 3,322 |
| | Okinawa | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 3,874 | 97% | 4,492 | 90% | 618 | -7% | 1,501 | 5% | 876 |
| | Total | 46 | 68 | 91 | 139 | 214 | 168 | 317 | 506,742 | 87% | 551,773 | 84% | 45,031 | -3% | 30,178 | 100% | 34,602 |

Change in method of calculating provision for apartment vacancy loss, and forecasts for FY 2011/3

- In order to be able to make a more strategic assessment of downside risk in leasing, we will shift to a system that carefully reflects long-term occupancy rate projections for each individual property. The Company records a loss of ¥10.3 billion in accordance with this change.
- The change in provision for FY 2011/3 will be offset by the reversal of the provision already individually forecasted, the 30,000 new units that will be supplied in the FY 2011/3, and new allowances of existing apartments.

Outline of the Fiscal Year Results



Highlights of the Fiscal Year Results (Consolidated)



| (Unit: Million yen) | Results | | | | Forecasts | | | |
|--|---------------------|---------------------|------------------|-------------------|----------------------|------------------|-------------------|--|
| | FY ended March 2010 | FY ended March 2009 | Change in amount | Percentage change | FY ending March 2011 | Change in amount | Percentage change | Major factors |
| Net sales | 620,376 | 733,235 | (112,859) | -15.4% | 564,700 | (55,676) | -9.0% | Subcontracting Leasing (56.8) billion yen +21.0 billion yen |
| Gross profit | 49,626 | 143,401 | (93,774) | -65.4% | 64,760 | 15,134 | 30.5% | Subcontracting Leasing (2.6) billion yen +14.8 billion yen |
| (%) | 8.0% | 19.6% | -11.6p | — | 11.5% | 3.5p | — | |
| Selling, general & administrative expenses | 79,354 | 93,244 | (13,889) | -14.9% | 59,460 | (19,894) | -25.1% | Subcontracting Leasing (6.8) billion yen (10.4) billion yen |
| Operating income (loss) | (29,727) | 50,156 | (79,884) | — | 5,300 | 35,027 | — | Subcontracting Leasing +4.2 billion yen +25.2 billion yen |
| (%) | -4.8% | 6.8% | -11.6p | — | 0.9% | 5.7p | — | |
| Recurring income (loss) | (33,831) | 46,785 | (80,616) | — | 3,400 | 37,231 | — | Operating loss +35.0 billion yen Foreign exchange loss Improved 2.4 billion yen |
| (%) | -5.5% | 6.4% | -11.8p | — | 0.6% | 6.1p | — | |
| Net income (loss) | (79,075) | 9,951 | (89,027) | — | 3,000 | 82,075 | — | Recurring loss +37.2 billion yen Extraordinary loss +43.6 billion yen |

Highlights of the Fiscal Year Results for Parent & Major Subsidiaries (Cumulative)



| (Unit: Million yen) | | FY ended March 2010 | FY ended March 2009 | Change in amount | Percentage change | March 2010 Depreciation expenses | March 2009 Depreciation expenses |
|----------------------------|------------------------------|------------------------|------------------------|---------------------|----------------------|--|--|
| Leopalace21 Corporation | Net sales | 615,368 | 727,316 | (111,948) | -15.4% | 4,771 | 4,110 |
| | Recurring income (loss) | (32,825) | 48,823 | (81,648) | — | | |
| LGC | Net sales | 6,418 | 8,265 | (1,847) | -22.3% | 1,492 | 1,635 |
| | Recurring income (loss) | (2,152) | (258) | (1,894) | — | | |
| | Foreign exchange gain (loss) | (2,253) | (799) | (1,454) | — | | |
| Others & Exclusion | Net sales | (1,410) | (2,346) | 936 | — | 31 | 37 |
| | Recurring income (loss) | 1,146 | (1,781) | 2,926 | — | | |
| Consolidated total | Net sales | 620,376 | 733,235 | (112,859) | -15.4% | 6,295 | 5,782 |
| | Recurring income (loss) | (33,831) | 46,785 | (80,616) | — | | |
| | Foreign exchange gain (loss) | (2,468) | (1,876) | (591) | — | | |

Outline of Balance Sheet (Consolidated)

| (Unit: Million yen) | | FY ended March 2010 | FY ended March 2009 | Change in amount |
|----------------------------|--|---------------------|---------------------|------------------|
| Assets | Current assets | 146,416 | 192,015 | (45,599) |
| | Cash & cash equivalents | 72,431 | 78,375 | (5,944) |
| | Trade/account receivables for completed projects | 12,915 | 9,471 | 3,444 |
| | Operating loans | 5,482 | 10,043 | (4,561) |
| | Real estate for sale, sale in process | 3,955 | 28,826 | (24,871) |
| | Payout for construction in progress | 1,184 | 14,925 | (13,741) |
| | Fixed assets | 250,006 | 275,280 | (25,274) |
| | Buildings & structures | 63,437 | 66,529 | (3,092) |
| | Land | 96,293 | 114,914 | (18,621) |
| | Construction in progress | 3,367 | 2,884 | 483 |
| | Total assets | 396,511 | 467,300 | (70,789) |
| Liabilities | Current liabilities | 208,410 | 231,432 | (23,022) |
| | Short-term borrowings | 30,000 | 17,492 | 12,508 |
| | Long-term liabilities | 117,121 | 89,425 | 27,696 |
| | Long-term borrowings | 22,761 | 22,897 | (136) |
| | Provision for apartment vacancy loss | 31,728 | 4,620 | 27,108 |
| | Total liabilities | 325,532 | 320,857 | 4,675 |
| Net assets | Common stock | 55,640 | 55,640 | - |
| | Capital surplus | 33,894 | 34,104 | (210) |
| | Retained earnings | (5,663) | 73,412 | (79,075) |
| | Total net assets | 70,979 | 146,442 | (75,463) |
| Shareholder's equity ratio | | 17.9% | 31.3% | -13.4% |

Outline of Cash Flow (Consolidated)

| (Unit: Million yen) | FY ended March 2010 | FY ended March 2009 | Change in amount |
|---|---------------------|---------------------|------------------|
| Cash flows from operating activities | (12,990) | 62,843 | (75,833) |
| Net income (loss) before taxes & adjustments | (77,526) | 33,446 | (110,972) |
| Depreciation expenses | 6,295 | 5,782 | 513 |
| Increase (decrease) in provision for apartment vacancy loss | 27,108 | 4,620 | 22,488 |
| Foreign exchange loss (gain) | 2,468 | 1,876 | 592 |
| Business structure reform expenses | 29,855 | - | 29,855 |
| Decrease (increase) in accounts receivable | (991) | 35,868 | (36,859) |
| Decrease (increase) in real estate for sale | 24,221 | 4,941 | 19,280 |
| Decrease (increase) in work in process | 3,537 | (3,133) | 6,670 |
| Decrease (increase) in long-term prepaid expenses | 9,348 | (10,854) | 20,202 |
| Increase (decrease) in accounts payable | (15,357) | (26,860) | 11,502 |
| Income taxes paid | (14,386) | (22,884) | 8,498 |
| Cash flows from investing activities | (8,889) | (10,048) | 1,159 |
| Payout for purchase & proceeds from sale of property, plant and equipment | (4,198) | (5,147) | 949 |
| Payout for purchase & proceeds from sale of investment securities | (710) | (418) | (292) |
| Cash flows from financial activities | 15,281 | (33,885) | 49,166 |
| Proceeds from & repayment of short-term debt | 9,719 | 0 | 9,719 |
| Proceeds from & repayment of long-term debt | 2,653 | (4,226) | 6,879 |
| Refund of amount invested by minority interests | - | (4,970) | 4,970 |
| Dividends paid for shareholders | - | (12,750) | 12,750 |
| Net increase (decrease) in cash & cash equivalents | (6,344) | 17,410 | (23,754) |
| Cash & cash equivalents at end of period | 72,031 | 78,375 | (6,344) |

Profit/Loss for Major Segments (Consolidated, cumulative)



| (Unit: Million yen) | FY ended March 2010 | | FY ended March 2009 | | Change in amount | Percentage change | Forecasts for FY ending March 2011 | |
|--|---|---------------|------------------------|--------|---------------------|----------------------|---------------------------------------|--------|
| Construction Division | * Effect in switching to “percent of completion method”: Net sales ¥6.3 billion; Gross profit ¥1.6 billion. | | | | | | | |
| Net sales | 237,062 | | 359,154 | | (122,092) | -34.0% | 180,193 | |
| Gross profit | 63,833 | 26.9% | 109,591 | 30.5% | (45,758) | -41.8% | 61,193 | 34.0% |
| Operating income (loss) | 29,744 | 12.5% | 70,112 | 19.5% | (40,368) | -57.6% | 33,990 | 18.9% |
| Leasing Division | | | | | | | | |
| Net sales | 342,713 | | 334,776 | | 7,937 | 2.4% | 363,771 | |
| Gross profit | (10,659) | -3.1% | 44,353 | 13.2% | (55,012) | — | 4,157 | 1.1% |
| Operating income (loss) | (47,875) | -14.0% | (1,538) | -0.5% | (46,337) | — | (22,577) | -6.2% |
| Hotel Resort Division | | | | | | | | |
| Net sales | 9,706 | | 10,216 | | (510) | -5.0% | 9,556 | |
| Gross profit | 2,066 | 21.3% | 1,616 | 15.8% | 450 | 27.8% | 1,870 | 19.6% |
| Operating income (loss) | (1,324) | -13.6% | (805) | -7.9% | (519) | — | (1,423) | -14.9% |
| Other Division (Including Real Estate) | | | | | | | | |
| Net sales | 34,299 | | 33,908 | | 391 | 1.2% | 14,026 | |
| Gross profit (loss) | (2,298) | -6.7% | (7,548) | -22.3% | 5,250 | — | 343 | 2.4% |
| Operating income (loss) | (6,776) | -19.8% | (12,829) | -37.8% | 6,053 | — | (1,587) | -11.3% |

*Values for each are before eliminations between segments.

*Segments have been changed since the FY ending March 2010. Please see page 15 for results of segment operations.

Full-Year Forecasts for Apartment Construction Subcontracting Business Costs



| (Unit: 100 million yen) | FY 2009/3 | | FY 2010/3 (Excludes percentage of completion basis) | | | | | | | | | | FY 2011/3 | | | |
|-------------------------|-----------|-------|---|-------|---------------|-------|--------------|-------|-----------|-------|---------------------------------|-------|-----------|--------|-------|-------|
| | Full-year | | Initial plan | | 2Q Cumulative | | Revised plan | | Full-year | | Difference between revised plan | | YoY | | Plan | |
| | Results | % | Plan | % | Results | % | Plan | % | Results | % | Change | | Change | % | Plan | % |
| Net sales | 3,590 | 100% | 2,950 | 100% | 1,144 | 100% | 2,348 | 100% | 2,305 | 100% | △ 43 | +0.0p | △ 1,285 | -35.8% | 1,800 | 100% |
| Cost of sales | 2,495 | 69.5% | 2,109 | 71.5% | 833 | 72.8% | 1,769 | 75.3% | 1,684 | 73.1% | △ 85 | -2.2p | △ 811 | -32.5% | 1,190 | 66.1% |
| Direct expenses | 2,263 | 63.0% | 1,873 | 63.5% | 730 | 63.8% | 1,540 | 65.6% | 1,468 | 63.7% | △ 72 | -1.9p | △ 795 | -35.1% | 1,107 | 61.5% |
| Construction GPM | 1,326 | 37.0% | 1,077 | 36.5% | 414 | 36.2% | 809 | 34.4% | 837 | 36.3% | 28 | +1.9p | △ 489 | -0.7% | 693 | 38.5% |
| Indirect expenses | 232 | 6.5% | 236 | 8.0% | 103 | 9.0% | 229 | 9.7% | 216 | 9.4% | △ 13 | -0.3p | △ 16 | -6.9% | 83 | 4.6% |
| Gross profit | 1,094 | 30.5% | 841 | 28.5% | 311 | 27.2% | 580 | 24.7% | 620 | 26.9% | 40 | +2.2p | △ 474 | -43.3% | 611 | 34.0% |

1. The decrease in GPM in the Apartment Construction Subcontracting business of FY 2010/3 is due to the significant decrease in net sales compared to the last fiscal year, and the decrease in indirect expenses (fixed costs) could not match this.
2. Change in Accounting Method for Indirect Costs in the Apartment Construction Subcontracting Business

From the fiscal year ended March 2010, the standard for recognizing earnings in the Apartment Construction Subcontracting Business was changed from the completed-contract method to the percentage-of-completion method. Accordingly, in order to properly reflect the treatment of indirect costs included in the costs for subcontracted construction projects, the Company changed the method for recognition of indirect costs from planned allocation of indirect costs under the job cost method to strict application of the percentage-of-completion method, thereby recognizing indirect costs in proportion to the progress toward completion of the project. In accordance with this change, the Company recorded an extraordinary loss of ¥10.2 billion for the fiscal year ended March 2010 as a “Loss on change in cost accounting method in the Apartment Construction Subcontracting Business.”

Current Progress in the Development of Other Businesses

 **Leopalace 21**

Results of Other Business Operations (Cumulative)



<Related Businesses> (Segment given in parenthesis underneath)

| (Unit: Million yen) | | FY ended March 2010 | FY ended March 2009 | Change in amount | Percentage change | Forecasts for FY ending March 2011 |
|--|-------------------------|------------------------|------------------------|---------------------|----------------------|--|
| Real Estate Business (New segment) | Net sales | 24,643 | 11,468 | 13,175 | 114.9% | 5,000 |
| | Gross profit (loss) | (2,047) | (9,108) | 7,061 | - | (40) |
| | Operating income (loss) | (3,356) | (10,664) | 7,308 | - | (52) |
| Silver Business (Other Business) | Net sales | 8,812 | 7,953 | 859 | 10.8% | 8,200 |
| | Gross profit (loss) | (1,002) | (486) | (516) | - | (400) |
| | Operating income (loss) | (1,994) | (1,539) | (455) | - | (1,454) |
| Domestic Hotel Business (Hotel Resort Business) | Net sales | 2,218 | 2,393 | (175) | -7.3% | 2,100 |
| | Gross profit (loss) | 1,115 | 1,701 | (586) | -34.5% | 900 |
| | Operating income (loss) | (205) | 333 | (538) | - | (363) |
| Broadband Business (Leasing Business) | Net sales | 14,552 | 13,748 | 804 | 5.8% | 16,400 |
| | Gross profit (loss) | 3,595 | 1,515 | 2,080 | 137.3% | 4,300 |
| | Operating income (loss) | 2,800 | 894 | 1,906 | 213.2% | 3,596 |

Results of Real Estate and Silver Business (Cumulative)



<Leopalace Resort>

| (Unit: 1,000 US dollars) | | Jan.-Dec. 2009 | Jan.-Dec. 2008 | Change in amount | Percentage change | Forecasts for Jan.-Dec. 2010 |
|--------------------------|-----------------------------------|----------------|----------------|------------------|-------------------|------------------------------|
| Leopalace Resort | Net sales | 68,537 | 79,871 | (10,645) | -13.4% | 71,740 |
| | Operating income | 757 | 4,896 | (4,139) | -84.5% | 2,416 |
| | Depreciation expenses | 15,942 | 15,799 | 142 | - | 15,840 |
| | Operating rate (Leopalace Resort) | 51.0% | 57.2% | -6.2% | - | 56.3% |
| | Operating rate (Westin) | 55.0% | 66.0% | -11.0% | - | 64.1% |

*Operating rate represents the average during the period.

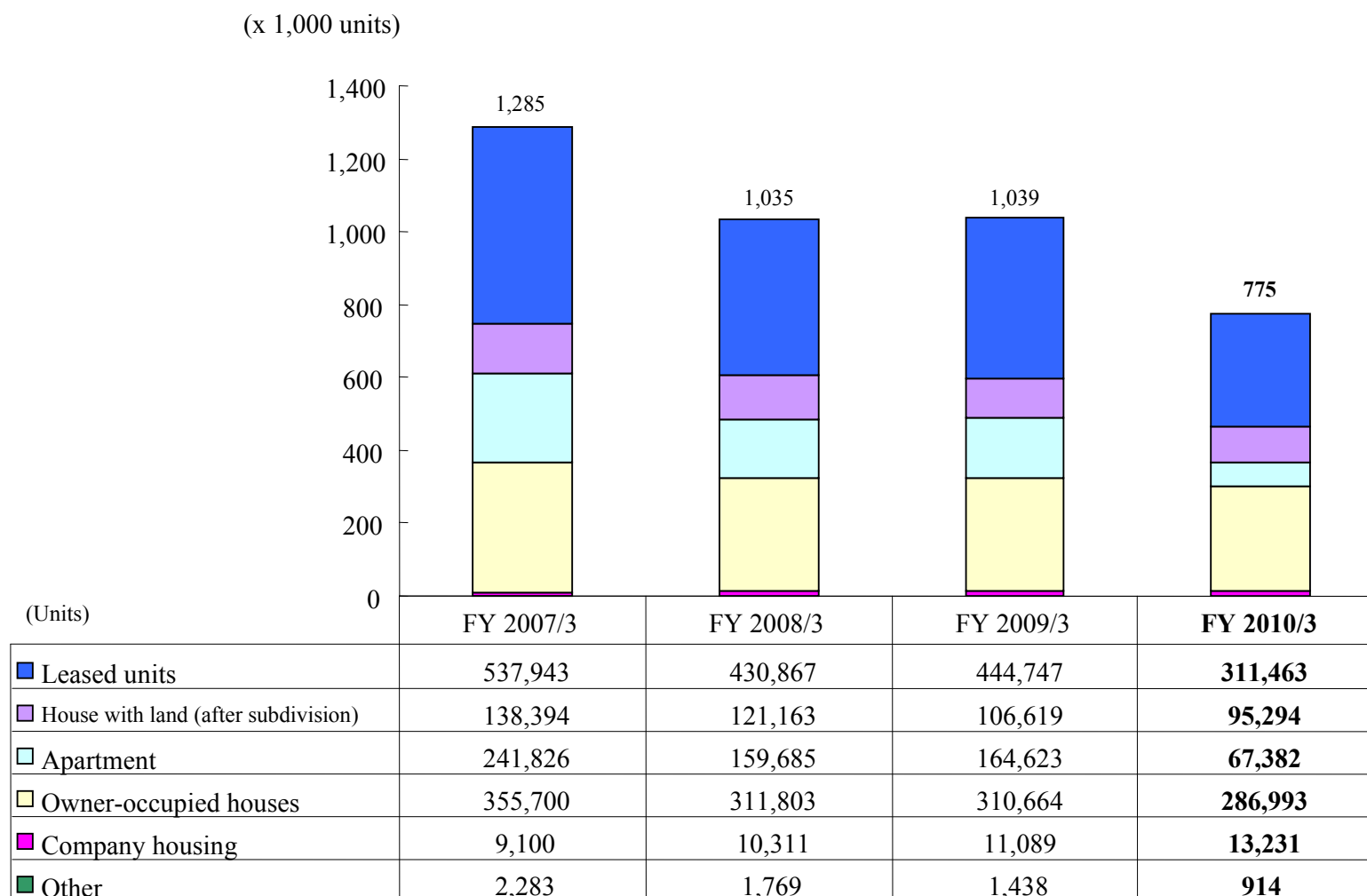
<Silver Business>

| (Unit: Million yen) | | FY ended March 2009 | FY ended March 2010 | Forecast for FY March 2011 |
|----------------------------------|---------------------------------|---------------------|---------------------|----------------------------|
| Direct operation | Revenue | 4,728 | 6,429 | 8,200 |
| | Total units open at end of term | 49 | 57 | 58 |
| Under contracts | Contract amount | 4,142 | 242 | 0 |
| | Facilities ordered | 12 | 1 | 0 |
| | Revenue | 3,225 | 2,382 | 0 |
| Total revenue of Silver Business | | 7,953 | 8,812 | 8,200 |

Appendix



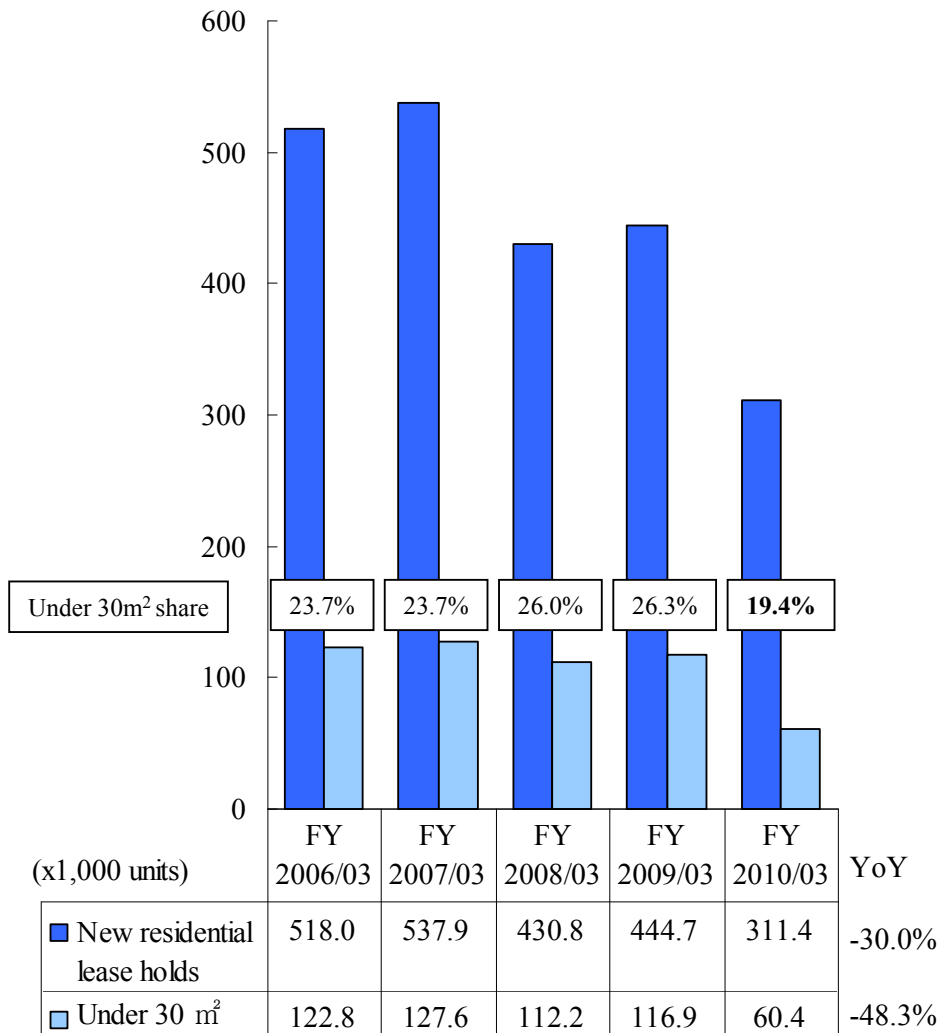
New Housing Starts (No. of use breakdown)



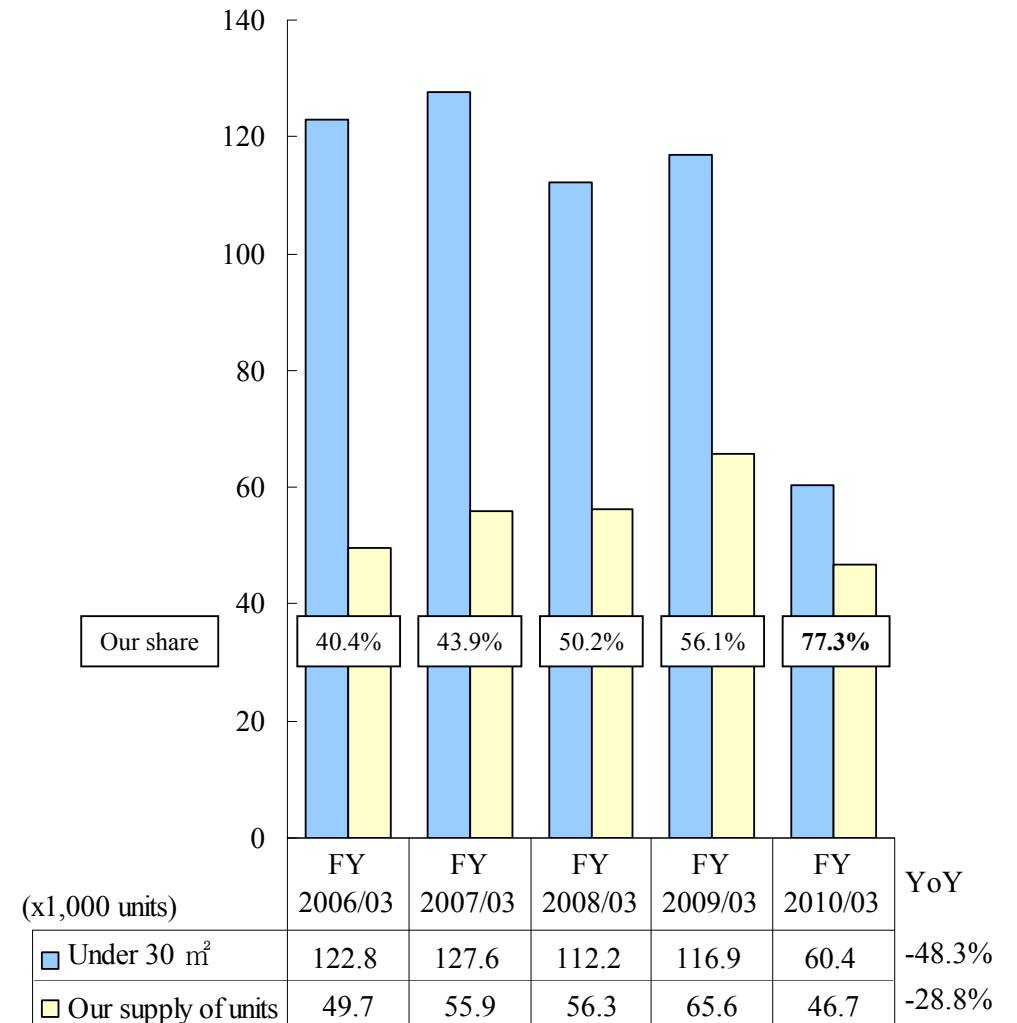
(Based on housing start statistics for the FY March 2010, Ministry of Land, Infrastructure & Transport)

New Housing Starts (Units under 30 square meters)

Trend in No. of New Residential Leaseholds Overall & Market Share for Units under 30 Square Meters



Trend in No. of New Residential Leaseholds under 30 Square Meters & Our Market Share

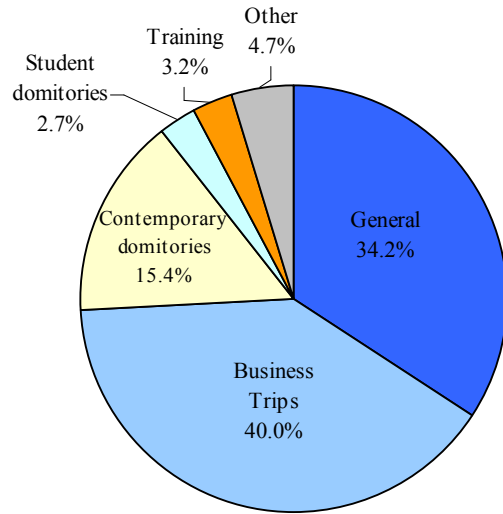


(Based on housing start statistics for the FY March 2010, Ministry of Land, Infrastructure & Transport)

Usage Pattern for Leopalace21's One-Room Units and Contract Type



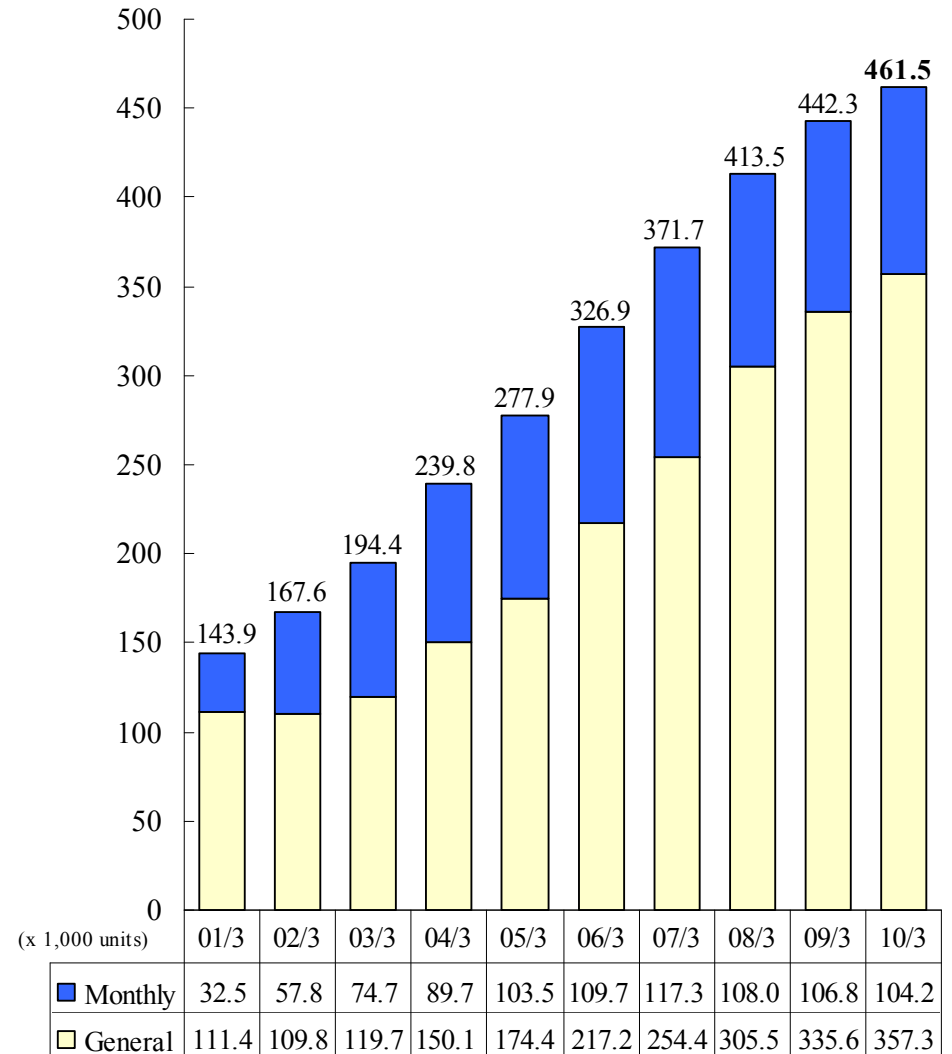
**Breakdown of Users of Month-to-Month Leases
(as of March 2010)**



Breakdown of Other:

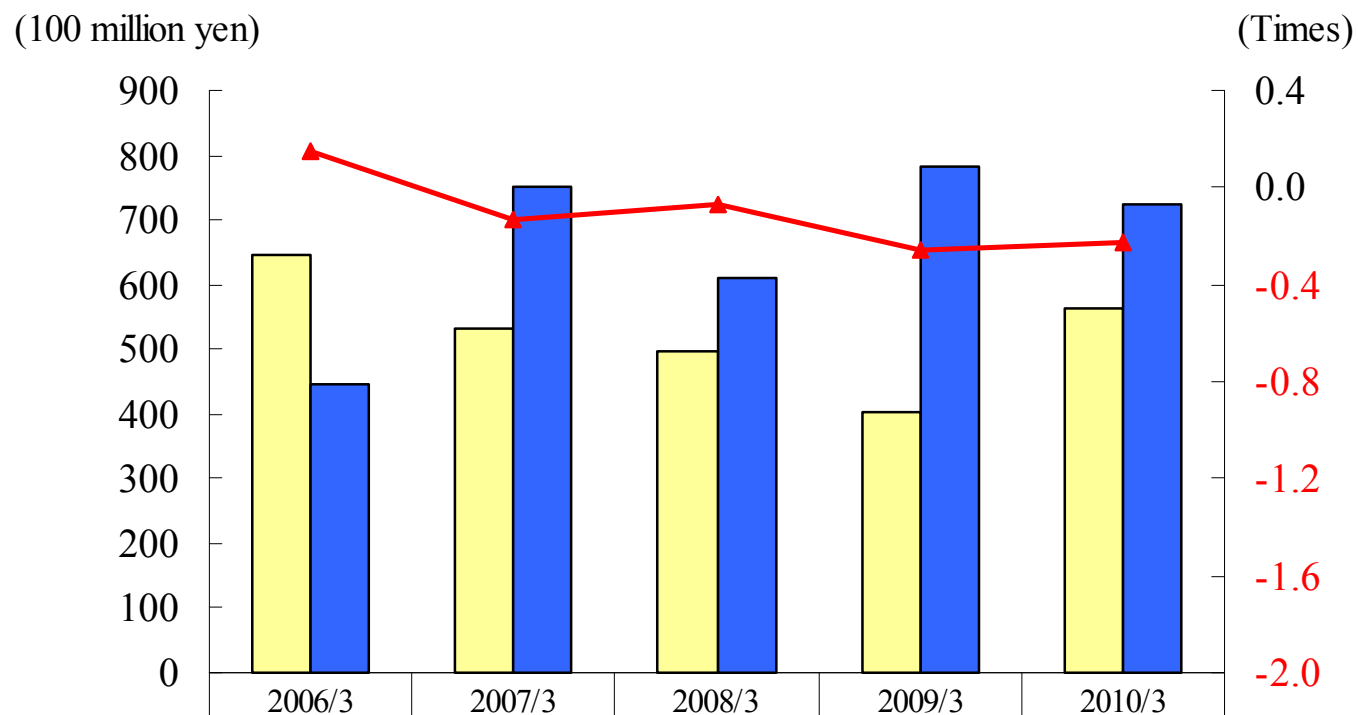
| | |
|--|-------|
| Temporary stay between moves | 1.02% |
| Job assignment away from home | 0.66% |
| Temporary use (for space) | 0.57% |
| Temporary stay during home renovations | 0.55% |
| Daily use because of long commute | 0.32% |
| Study | 0.22% |
| Taking care of hospitalized relations | 0.22% |
| Taking care of relatives with job assignments away from home | 0.21% |
| Tourism | 0.16% |
| Other | 0.77% |

No. of Tenants by Contract Type



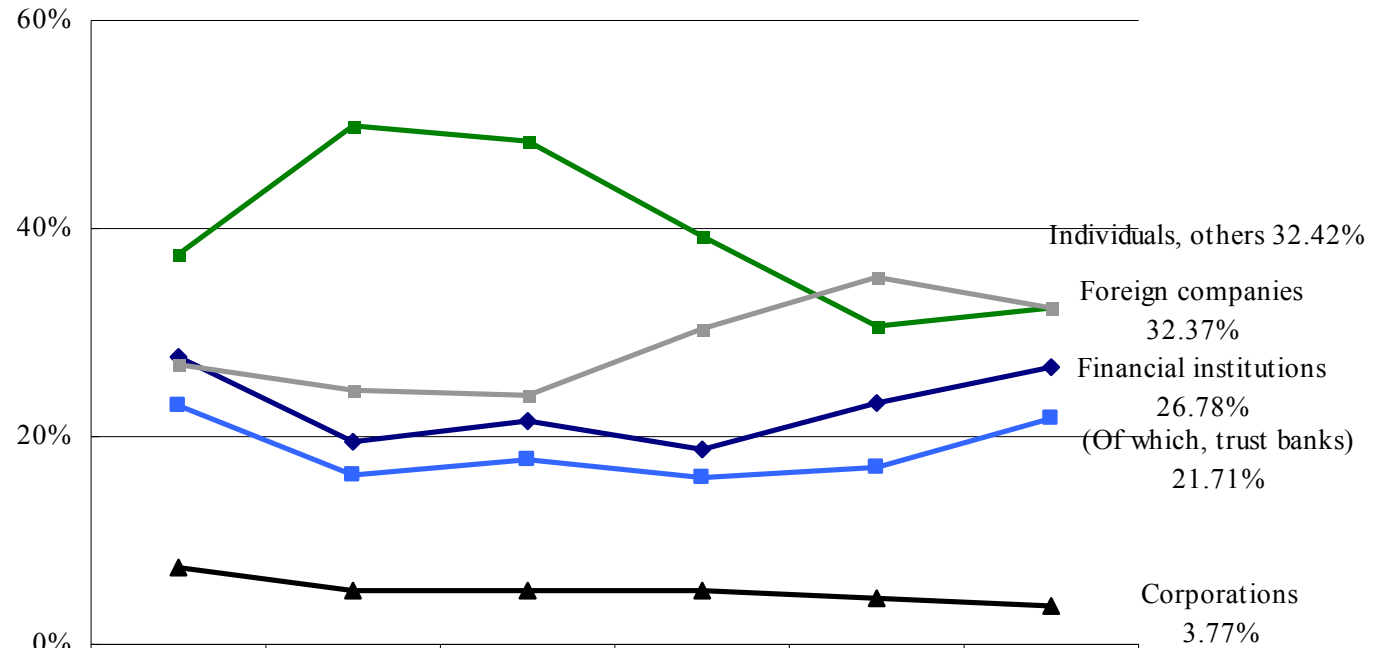
(Based on our company data, as of March 31, 2010)

Balance of Cash and Deposits, and Interest-Bearing Debt (Consolidated)



| | | | | | |
|---------------------------|------|-------|-------|-------|-------|
| Liabilities with interest | 645 | 531 | 497 | 403 | 564 |
| Cash & cash equivalents | 446 | 751 | 609 | 783 | 724 |
| Net D/E Ratio | 0.15 | -0.13 | -0.07 | -0.26 | -0.23 |

Trend in Shareholders



| | 06/3 | 07/3 | 08/3 | 09/3 | 09/12 | 10/3 |
|---------------------------|--------|--------|--------|--------|--------|--------|
| ◆ Financial institutions | 27.61% | 19.49% | 21.52% | 18.83% | 23.23% | 26.78% |
| ■ (Of which, trust banks) | 22.96% | 16.36% | 17.73% | 15.98% | 16.95% | 21.71% |
| ▲ Corporations | 7.43% | 5.28% | 5.16% | 5.21% | 4.55% | 3.77% |
| ■ Foreign companies | 37.56% | 49.88% | 48.28% | 39.38% | 30.60% | 32.37% |
| ■ Individuals, others | 26.88% | 24.38% | 23.88% | 30.38% | 35.19% | 32.42% |